

FORAGE RESOURCE IMPROVEMENT AND UTILIZATION PROGRAM

(Approved March 16, 2001)

(Amended December 17, 2004)



The following guidelines and recommendations have been developed for the establishment of county forage improvement and utilization programs seeking to improve forage resources utilizing County Agricultural Development Funds.

This document provides program goals, eligible investments, and implementation guidelines for agencies seeking to initiate a local program.

Guidelines are considered to be minimum standards by which a program is to be implemented.

Questions concerning these guidelines should be directed to the Governor's Office of Agricultural Policy at (502) 564-4627. Application for funds must be directed through the local County Ag Development Council(s).

I. Program Goals

The goals of the program are to:

- Improve net farm income through improved forage quality, quantity and efficient use
- Encourage science-based decisions on forage management and forage resource development on the farm
- Impact a high number of forage producers
- Change producer attitudes about forage management

II. Eligible Cost-share Items

A summary of eligible investments that could receive support from County Agricultural Development Funds as stated within these guidelines may include any or all of the following:

- A. Seed, including lime and soil amendments
- B. Lime and soil amendments only
- C. Filter fabric pads for heavy use areas
- D. Fence and water for rotational grazing systems
- E. Custom seeding and seeding equipment rental

A. Forage/Pasture Development

Goal: To improve the long-term profitability of forage-livestock enterprises by investments in practices and infrastructure. Kentucky has over 5 million acres of tall fescue, most of which is highly infected with the fungal endophyte. This endophyte causes an estimated \$30 million in losses in beef cattle alone, with significant losses also from dairy and equine industry.

Seeding rates and dates shall be based on AGR-18 and other applicable University of Kentucky (UK) publications. Choices for varieties should have evidence of good performance in unbiased, replicated trials from Kentucky or surrounding state.

Only certified, PVP or proprietary forage varieties will be eligible for cost share. In addition, these varieties should have documented performance in university trials such as those conducted by the UK College of Agriculture. Other varieties will be considered with documentation of performance upon written request to UK through the County Extension Agent for Agriculture and Natural Resources.

Cost-share Items

1. **Seed:** Only varieties specified in the Seed List (Appendix B) are eligible for cost-share.
 - a. **Clover – red and white**
 - b. **Alfalfa**
 - c. **Summer Perennial Forages**
 - i. Bermuda grass
 - ii. Big Bluestem
 - iii. Eastern Gamma Grass
 - iv. Caucasian Bluestem
 - d. **Cool Season Forages**
 - i. Orchardgrass
 - ii. Timothy
2. **Limestone** based on a soil test taken within the past 12 months.
3. **Soil Amendments** (P, K or other approved soil amendments)

Prerequisites

- **A soil test**, taken within the last 12 months, must be conducted through UK or other certified laboratory, with fertilizer and lime applications based on UK or other certified laboratory recommendations.
- Only Certified or Plant Variety Protected or Proprietary varieties will be acceptable (see list of approved varieties attached).
- The variety must be specified on the receipt.
- **Clover:** If soil pH is below 5.0, then clover seeding should be delayed by 6 months after lime application. **Alfalfa:** If soil pH is below 5.5, then seeding must be delayed by one year after limestone application.

Prerequisites for A. Forage/Pasture Development (cont.)

- Proof of purchase of recommended soil amendments must accompany the seed purchase receipt for reimbursement.
- Cost-share is on seed, limestone, and soil amendments only, based on receipts from vendors.
- Burn down herbicide for vegetation control or land preparation is recommended but is **not** eligible for cost share.

B. Pasture / Grain Improvement

Goal: To improve the long-term profitability of pasture/forage and grain enterprises by investing in needed nutrients, which should be part of implementing a nutrient management plan to save on fertilizer cost and protect water quality.

COST SHARE ITEMS:

1. **Limestone** based on a soil test taken within the past 12 months.
2. **Soil amendments** (P,K or other approved soil amendments)

Prerequisites:

- **A soil test**, taken within the last 12 months, must be conducted through UK or other certified laboratory, with fertilizer and lime applications based on UK or other certified laboratory recommendations.
- Cost-share is on limestone and soil amendments only, based on receipts from vendors.
- Burn down herbicide for vegetation control or land preparation is recommended but is **not** eligible for cost share.

C. Filter Fabric Pads for Heavy Use Areas

Goal: Most of hay produced for beef cattle consumption in Kentucky is stored outside in the form of large round bales. Mud control is a significant factor in enhancing feed utilization. Additionally, forage material will lose 20 to 30% in usable weight due to rain damage. Economical hay storage structures can also be constructed using a variety of plans currently available to farmers. The goal of this program would be to encourage better hay utilization.

COST SHARE ITEMS:

Material costs associated with development of filter fabric pads for improved surface drainage under bales and in heavy use areas.

Prerequisites:

- Minimum average herd size of 10 animals must be demonstrated over the previous year.
- Materials are cost shared on a 50-50 basis with funds disbursed on a reimbursement basis.
- A maximum of \$1,500 per producer is recommended for this specific practice. This would be included in the \$5,000 per producer maximum for cost-share share in seed, fence, and water investments.

D. Fence and Water

Goal: The single biggest limiting factor for pasture systems across Kentucky is the lack of subdivided pasture systems with a good distributed water supply. It is estimated that we can improve pasture utilization from below 50% to 65% just by subdividing fields, rotational grazing and limiting distance traveled to water. Other programs for fence and water are tied to other requirements that limit the widespread adoption of this practice.

This program is for subdivision of existing pasture fields and for water development within these paddocks. These funds cannot be used for building perimeter fences; consult the **Livestock Fencing Improvement Program** for this type of investment. In order to qualify for funding, the producer applicant must have a grazing system plan that has been constructed in cooperation with the local Natural Resources Conservation Service (NRCS) personnel or other designated agency.

COST SHARE ITEMS:

1. **Subdivision fence, posts, and related materials** such as fence chargers, ground rods, voltmeters etc., related to the establishment of rotational grazing systems.

Plank fences will not be considered.
2. **Materials related to development of a distributed water system.** This list could include tanks, pipe, filter fabric plus gravel (for mud control), trenching costs (documented by receipts). Seasonal water systems, using movable pipe (above ground, burst proof pipe) and tanks, are acceptable and could be used as a way to encourage greater producer participation for this practice.

Prerequisites:

- The ADB will only share cost on the purchase of the necessary fencing and water supplies to create the grazing system.
- The ADB will not cover the construction costs or hook up costs to a county/city water system.
- A **minimum** of **three** paddocks must be developed and managed according to an approved grazing rotation plan.
- Maximum cost-share is 50%, based on receipts from vendors.
- Labor documented by a numbered and dated receipt is eligible for cost-share. Labor may be included with the cost of materials. Labor provided by the individual applicant is not an eligible cost-share item.

E. Seeding: Custom Services & Rental of Equipment

1. **Custom seeding services provided** by a third party are also eligible for reimbursement on a cost-share basis.
2. **Rental no-till drill or pasture renovator** is eligible for reimbursement on a cost-share basis.
 - For custom seeding services only, reimbursement will not exceed 50% of the cost of such services up to \$6 maximum per acre.
 - For rental of seeding equipment, reimbursement will not exceed 50% of the rental cost of said equipment.
 - Only labor provided through a custom seeding service is eligible for reimbursement, labor for using rental equipment is not reimbursable.

III. Application Procedures

A. Guidelines for Local Agency Application for Program Administration

1. The local agency must be qualified and willing to administer the full responsibilities of the program. A tax identification number, a letter expressing a willingness to administer the program, and an indication of specific individuals that will be responsible for administering and reporting on the program must be included in the application.
2. Regional agencies may participate as grantees, if Agricultural Development Councils from the region concur. Regional grantees will be required to account for Agricultural Development Funds on a county-by-county basis and may spend County funds only in the County from whose account funds are drawn, unless the respective County Agricultural Development Council has agreed to fund expenditures outside its county boundary.
3. The program administrator shall identify two co-signers for the purpose of signing checks and disbursing funds from the program's account. The program administrator shall indicate who they are and their position within the organization.
4. Either the fiscal agent or the individuals who sign checks for the program shall be bonded or appropriately insured at a level sufficient to cover the amount of the funds being administered. Documentation of bonding or appropriate insurance shall be submitted with the signed legal agreement.
5. The local agency must communicate in the application the activity and scope of existing related county programs supporting the eligible investment areas in Agricultural Diversification that farmers can access through other agencies. Need for a new program must be clearly evident in the application.
6. The *County Model Program Application*, including cover sheet, must be submitted with a *County Priority Sheet* for new program requests. Requests for additional funds, within the 12-month term of the original agreement, require the *Application Cover Sheet* and the *County Priority Sheet*.
7. Agricultural Development Funds contributed to the program cannot exceed 50%, unless the program administrator or the County Council determines that a reduced match is needed for this program.

The Council may approve a reduction in the producer's cost-share for this program to an amount **no less than 25%**. This decision and the cost-share percentages shall be indicated on the *County Council Priority Sheet*, which is sent to the Agricultural Development Board with the application.

8. Counties shall place a dollar cap on the maximum cost share per producer [defined by Social Security Number (SSN) / Tax Identification Number (TIN) and Farm Serial Number (FSN)] for **Forage Improvement & Utilization** of up to **\$5,000.00** for the 12-month period from the execution date of the legal agreement between the administrator and the Agricultural Development Board.

9. There is a Lifetime Maximum of \$15,000 for this program. "Lifetime Maximum" means that **no producer, defined by Social Security Number (SSN) / Tax Identification Number (TIN) and Farm Serial Number (FSN), shall receive more than \$15,000 in this program, retroactive to the beginning of this program.**
10. Any funds requested for administrative purposes shall not be used to replace the funding sources of existing or established salaries and positions. Program administration funds may be used for costs above and beyond normal duties and salaries that are associated with:
 - a. Processing of producer payments;
 - b. Processing of producer applications;
 - c. Completion of program reporting forms;
 - d. Promotion of program availability;
 - e. Cost of bonding; and
 - f. Program compliance activities

One or more local agencies may combine administrative functions to create more efficient programs of grant administration.

11. The program administrator shall ensure that commingling of agricultural development funds does not occur. Therefore, the program's funds shall reside in a unique and separate bank account from any other account.

Administrators who are the fiscal agent for multiple counties may keep at a minimum one account per county. However, one account per program per county is preferred.

12. Local program sign-up and advertising shall not occur prior to the execution of the legal agreement between the program administrator and the Agricultural Development Board.
13. Demonstration programs are strongly recommended as part of the Cooperative Extension Service role in the program. The demonstrations should show differences between production techniques and marketing for that particular enterprise. While eligibility to participate need not be explicitly tied to attending a demonstration, it is strongly recommended that these demonstration programs be a component of this model program.
 - a. Demonstration program promotion should be evident in the application. It is recommended the demonstration be local and on-farm.
 - b. It is recommended that funds be set aside for implementation of the demonstration program, reimbursed by receipt. These costs would not include food for field days, but should be expendables related to the demonstration.
14. Attendance at educational sessions related to the establishment of the local diversification program shall be required for participation in the program.

B. Guidelines for Local Agency Administration

1. After receiving a copy of the executed agreement, there shall be a minimum of two consecutive weeks of advertising with applications being accepted no earlier than two weeks after the date of the first advertisement. This must occur for each sign-up period, if there is more than one sign-up during the duration of the grant agreement.

For example, when the administrator receives a copy of their executed agreement they may begin advertising for sign-ups. If the first advertisement runs January 15, then the first application may be taken January 29.

2. An advertisement must, at the very least, be prominently displayed in the county's newspaper where the most farmers will see it. A copy of the advertisement, which included the name and date of the newspaper, shall be submitted to the KADB staff.
3. The application and program promotion and communication plan should be outlined in the agency's application for Agricultural Development Funds. The application shall be submitted to and approved by the program administrator before the producer can receive reimbursement for any costs incurred.
4. Applications may be taken on a first-come-first-served basis. Those who currently use first-come-first-served are encouraged to reevaluate this process to improve the distribution of program funds to those who have not yet benefited from the programs.

Consideration of applications may be prioritized by other evaluation criteria, including but not limited to:

- a. Applicant's level of dependency on tobacco production; and
 - b. Applicant's prior receipt of Agricultural Development Funds.
5. In cases where there is a waiting list, it is recommended that extra points be part of the scoring system to ensure that those approved, but not receiving funds in the prior 12-month program, receive priority in the new program.

Applicants must indicate their intent to be considered in the new program, or their application will not be automatically rolled over into the new program for funding consideration.

6. Deadlines shall be established for producer application and reimbursement periods so producers have concrete timelines to implement the program. Should they fail to meet the deadlines for reimbursement, they must reapply to be considered for cost-share.
7. Approved producers must submit the Producer Report associated with the program/investments being cost-shared, before reimbursement funds are received.

These Producer Reports are for the Administrator to use in filling out both the quarterly and close-out reports for the program, and to maintain on-file.

8. The program shall be open to all county/regional producers and shall not be tied to participation in any organization.

Administrators shall not reject an application solely based on the applicant's residency, assuming funding is available and the application meets the program guidelines.

Administrators shall accept an application if the applicant's farm is located in the county and the cost-share will be used in the county, even if the Farm Serial Number (FSN) is registered in another county.

9. Each individual/producer who receives \$600 or more shall be supplied an IRS form 1099 or equivalent tax accounting documentation. The program administrator is responsible for distributing the necessary tax information.
10. The program administrator may choose to include eligible model cost-share program expenses for reimbursement on a retroactive basis. However, this retroactive date shall not be more than 12 months prior to the producer's application for this program.
11. Program administrators shall be required to conduct random site visits.
12. Legal agreements between the program administrator and the Agricultural Development Board shall be for a term of 12-months from the execution date of the agreement. There will be no renewals or extensions of this agreement.
13. If funds set forth in the agreement between the Agricultural Development Board and the administrator are not completely utilized within the term of the legal agreement, then remaining funds, including interest, shall be returned to the Agricultural Development Board for redeposit into the county's account.

Checks should be made payable to the **Kentucky State Treasurer**.

14. Any and all interest earned on funds for this program shall be applied to this program. Any remaining funds, including interest income, shall be returned to the Agricultural Development Board for redeposit into the county's account at the end of the term of the agreement. All interest earned shall be reported on a quarterly basis.
15. **Reporting: Quarterly Reporting**, which includes the *Model Program Summary* and *Program Quarterly Detail*, is required of the program administrator. Reporting forms can be downloaded from http://agpolicy.ky.gov/funds/program_reporting.shtml. These reporting forms shall be submitted electronically to govkyagpolicy@ky.gov or a diskette mailed to Governor's Office of Agricultural Policy/404 Ann Street/Frankfort, KY 40601.

A **reconciliation report** is due 60 days after the term of the agreement. The reconciliation report includes, but is not limited to, the *Model Program Summary* and the *Program Quarterly Detail* for any payments made since the last submitted quarterly report. Also, copies of bank statements with check numbers and amounts shall be kept on file according to the legal agreement and presented in the event of an audit. Administrators shall maintain all administrative records for this program for a period of seven (7) years.

The **Close-out** of this agreement may occur when the above is completed and verified, and any programmatic data due from producers is submitted on the *Close-out Data Report*. This final close out may occur at a date beyond the reconciliation, depending on the program.

16. Model program guideline compliance and quarterly reporting of expenditures are essential to gauging the impact and continuity of the program. Therefore, county model programs may be audited on a random basis. The administrator shall produce all documents pertaining to individual producers who participate in this program, as well as other appropriate financial documents related to this program's account.
17. For this program, the program administrator may **distribute awards** to applicants in **multiple increments**, similar to the "Hay, Straw, & Commodity Storage" program.

C. Guidelines for Producer Application Development by Local Agency

1. A producer application for the program shall be developed by the local agency. The application and program promotion and communication plan shall be outlined in the agency's application for funds under the model program.
2. The producer application must be signed and dated by the producer and must include a date/time stamp from the program administrator, as well as the initials of person logging in the application.
3. Postmarks or dated letters of application shall not override the stamp applied by the administrative body.
4. A producer application from an individual without a Tax ID (TIN) / Social Security (SSN) Number and Farm Serial Number (FSN) will be considered incomplete.

Tenant farmers or those leasing land where the cost-share improvements will be located should supply a copy of their Schedule F, if they are unable to obtain permission to use the owner's FSN.

For all capital construction projects/improvements, the land owner **must** be the applicant.

5. The producer application shall clearly state all pertinent requirements, including evaluation criteria.
6. A statement regarding the understanding of requirements by the producer and verification of the producer's total cost-share awarded under this program shall be included with the application. The **Producer Certification Form** (Appendix A) must be included in the producer application for this program.

D. Producer Funding Guidelines

1. Fund distribution to producers will be on a reimbursement basis.
2. The producer shall supply a numbered and dated receipt indicating buyer and seller information in order to be eligible for payment. Payment shall only be made for eligible cost-share items identified in Section II of these guidelines.
3. Producers who intend to take part in the program shall supply a Social Security (SSN) or Tax ID TIN) number and Farm Serial Number (FSN) to receive payment. Both of these numbers must be supplied to the Agricultural Development Board.

The Agricultural Development Board recognizes every applicant's right to privacy and understands it's obligation to keep applicant/producer information confidential. Any information provided to the Agricultural Development Board or Program Administrator on individual producer applications for model programs, such as the applicant's address and Social Security / Tax Identification Number, will be kept confidential by authority of the Agricultural Development Board as granted in KRS 248.701 to 248.727 and by KRS 61.878. The Agricultural Development Board does not disclose any nonpublic personal information regarding applicants/producers, past or present, except as permitted or required by the Kentucky Open Records Act, KRS 61.870 to 61.884 or other law(s).

4. [For capital construction projects] Producers shall provide an annual report on the program and maintain ownership of the property for 5 years past the participation date in the program.
5. Should the producer fail to utilize funds by the program administrator's reimbursement deadline, said funds shall be reallocated to the next available application. Additionally, the producer must reapply to be considered for cost-share funds.

APPENDIX A**Producer Certification Form**

(Producer: Please retain a copy for your records. Administrator: Please keep with producer's application.)

The overall mission of the Agricultural Development Fund is to help the agriculture community diversify their agricultural operations and increase net farm income. To that end, Model Programs were developed to provide cost-share assistance to individual producers through a local program administrator. To judge the success and impact of these programs, as well as monitor the distribution of these funds, the Agricultural Development Board requires the below information. This information is required for a producer to receive funding.

All confidential information provided by the applicant shall be protected by the Agricultural Development Board and the County Agricultural Development Council, as outlined in the model program guidelines and the Kentucky Open Records Act, KRS 61.870 to 61.884.

Name:	
Farm Serial Number (FSN):	Social Security (SSN) / Tax ID (TIN) Number:
Farm Address:	
Farm County:	

Funds Received through This Model Program

Please list all funds received through the _____ (specify program)
model program by year in this or any other county.

2001: \$	2002: \$	2003: \$
2004: \$	2005: \$	Total Funds: \$

If this form is being used for the **Cattle Genetics Improvement Program**, then please list the number of bulls received, in addition to the above funding information.

of Bulls:

Note: Please refer to the model program guidelines for 12-month term maximums and lifetime program maximums.

I, _____, hereby certify that I have read all of the terms and requirements for this program and agree to follow the guidelines. I understand that I am required to provide all of the above information prior to participation in this program.

I also certify that I have not received funds for this model program from another county within the last 12 months.

I agree to use the funds I receive in the manner intended by the Agricultural Development Board and the Program Administrator. I further agree to provide copies of invoices, receipts, cancelled checks, etc. to the Program Administrator.

I will report the progress and results of these improvement practices and any resulting economic value to my operation.

Signature:	Date:
Name Printed:	

APPENDIX B: Seed Varieties

Visit http://agpolicy.ky.gov/funds/documents/forage_seedlist.pdf for the most up-to-date list of seed varieties eligible for use with this program.